

Message Text

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72

ACTION EB-11

INFO OCT-01 ARA-16 EUR-25 EA-11 ISO-00 IO-14 INT-08 GSA-02

SPC-03 AID-20 NSC-10 RSC-01 CIEP-02 TRSE-00 SS-20

STR-08 OMB-01 CEA-02 CIAE-00 COME-00 FRB-02 INR-10

NSAE-00 XMB-07 OPIC-12 LAB-06 SIL-01 DODE-00 PA-04

USIA-15 PRS-01 DRC-01 /214 W
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R 170146Z DEC 73

FM AMEMBASSY JAKARTA
TO SECSTATE WASHDC 9968
INFO AMEMBASSY BANGKOK
AMEMBASSY KUALA LUMPUR
AMEMBASSY LA PAZ
AMEMBASSY LONDON
AMEMBASSY TOKYO

UNCLAS JAKARTA 14658

EO 11652: N/A

TAGS: ETRD EMIN ETRN ID

SUBJ: VIEWS OF MARKETING DIRECTOR, INDONESIAN STATE
TIN COMPANY, ON CURRENT TIN MARKET

REF: A. STATE 23829

?. JAKARTA 14151

1. SUMMARY. LOCAL INQUIRY DISCLOSES INDONESIAN TIN
PRODUCTION IS HOLDING STEADY; HOWEVER, DECEMBER SHIPMENTS
WILL BE CURTAILED BY BUNKER SHORTAGE, WITH UNCERTAIN
OUTLOOK THEREAFTER. BUYER ENQUIRIES FOR 1974 DELIVERY
UNUSUALLY HEAVY. END SUMMARY.

2. EMBOFF MET DECEMBER 14 WITH SIRMAN WIDIATMO, MARKETING
DIRECTOR STATE MINING ENTERPRISE P.N. TIMAH, OFFICIAL WITH
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PRIMARY RESPONSIBILITY FOR SALES OF INDONESIAN TIN. HE

INITIATED INTERVIEW BY ANNOUNCING PRICES HAD BROKEN ON PENANG MARKET FROM THEIR M\$1026 PEAK DECEMBER 10, REGISTERING M\$847 DECEMBER 13. SIRMAN PROFESSES SOME MYSTIFICATION RE MAGNITUDE RECENT PRICE MOVEMENTS AND IN PARTICULAR AT RECENT BREAK, BUT ADVANCED A NUMBER OF PARTIAL REASONS. HE POINTED OUT "UNDERLYING STATISTICAL SHORTAGE" AND CONTINUING ATTRACTIVENESS OF TIN AS HEDGE AGAINST CURRENCY UNCERTAINTIES, THE YEN THIS TIME. IN HIS VIEW ESTABLISHED CONSUMER PRACTICE OF "LIVING FROM HAND TO MOUTH" INsofar AS TIN STOCKS ARE CONCERNED AND COUNTING ON STOCKPILE TO KEEP PRICES AND AVAILABILITIES WITHIN BOUNDS IS NOW CHANGING, AND WE ARE SEEING REVIVAL OF INVENTORY BUYING BY CONSUMERS. HE SURMISES DECEMBER 10 PEAK OCCURRED WHEN OVERSOLD DEALERS HAD TO RUSH TO COVER ALL AT ONCE AS SHIPPING SQUEEZE LOOMED WITH SHORTAGE OF BUNKER.

3. AT TIME INTERVIEW SIRMAN HAD JUST LEARNED THAT BUNKER WOULD NOT BE AVAILABLE FOR REMAINDER OF DECEMBER FOR SHIPS CARRYING INDONESIAN TIN EXPORTS. THIS WILL HALT ABOUT 700 TONS OF EXPORTS, CONTRACTING P.N. TIMAH'S CURRENT RECEIPTS BY ABOUT \$4 MILLION. INTERMINISTERIAL COMMITTEE IS REVIEWING FUEL PRIORITIES (REF B) AND IS EXPECTED TO PRODUCE NEW GUIDELINES EFFECTIVE JANUARY, HE SAID.

4. SIRMAN SAID THAT IN ABSENCE SHIPPING OR UNFORESEEN CONSTRAINTS P.N. TIMAH EXPECTED CONTINUE EXPANDING TIN PRODUCTION NEXT YEAR. HE FORESAW NO PRONOUNCED PEAKS OR TROUGHS IN OUTPUT.

5. SIRMAN REPORTED EXPRESSION OF CUSTOMER INTEREST IN PURCHASING AMOUNTS CONSIDERABLY LARGER THAN USUAL DURING COMING YEAR. EXAMPLES HE CITED WERE JAPANESE BUYERS AND --AFTER SHORT PAUSE--AMERICANS.
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